

Eligibility Manual for School Meals

**Determining
and
Verifying
Eligibility**

**Child Nutrition Programs
Food and Nutrition Service
U.S. Department of Agriculture
October, 2011**

This manual contains information on Federal requirements regarding the determination and verification of eligibility for free and reduced price meals in the National School Lunch Program and the School Breakfast Program. These provisions also apply to the determination of eligibility for free milk under the Special Milk Program and are generally applicable to the Child and Adult Care Food Program and the Summer Food Service Program when individual children's eligibility must be established. Local educational agencies, institutions and sponsors should confer with their State agency to determine which procedures and options are followed in their State.

This manual replaces the Eligibility Guidance for School Meals Manual issued in January 2008. This updated version reflects changes made since that time, as a result of final and interim regulations, and policy clarifications. In addition, only those non-discretionary provisions addressed through policy memoranda from the *Healthy Hunger-Free Kids Act of 2010* are reflected in this manual.

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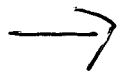
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INTRODUCTION

This manual contains information on determining eligibility for free and reduced price meals for the National School Lunch Program (including commodity schools and the After School Snack Program); and the School Breakfast Program. It is also applicable to the Special Milk Program for Children when schools and institutions serve free milk to eligible children. While this eligibility guidance directly addresses the school programs, it is also generally applicable to the Child and Adult Care Food Program and the Summer Food Service Program when individual children's eligibility must be established. These programs are collectively considered the Child Nutrition Programs.

Statutory and Regulatory Authority

Statutory authority for the Child Nutrition Programs includes the Richard B. Russell National School Lunch Act (NSLA) and the Child Nutrition Act of 1966 (CNA). Regulatory authority is found, as follows, in the Code of Federal Regulations, (CFR):

- 7 CFR Part 210, National School Lunch Program (NSLP)
- 7 CFR Part 215, Special Milk Program for Children (SMP)
- 7 CFR Part 220, School Breakfast Program (SBP)
- 7 CFR Part 225, Summer Food Service Program (SFSP)
- 7 CFR Part 226, Child and Adult Care Food Program (CACFP)
- 7 CFR Part 245, Determining eligibility for free and reduced price meals and free milk in schools

Administration of the Programs

The school meals programs are administered at the Federal level by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA). At the State level, the programs are administered by the State agency designated in each State. If State law prevents the State from administering the program, it may be administered by the appropriate FNS Regional Office (FNSRO).

Resources

To keep up to date, regularly check the Child Nutrition Division's website at <http://www.fns.usda.gov/cnd> for recently posted regulations, policy clarifications, prototype application materials and other information. State agencies may also access the PartnerWeb at <https://www.partnerweb.usda.gov>.

PART 4: INCOME ELIGIBILITY

- A. General
- B. Determining Household Composition
 - Special Situations
- C. Determining Household Income
 - Reportable Income
 - Current Income
 - Special Situations
 - Income Exclusions
- D. Questions and Answers

PART 4: INCOME ELIGIBILITY

A. GENERAL

To determine if a household meets income eligibility requirements for benefits, LEA officials must compare the household size and the total household income to IEGs. Officials may be asked by households for guidance on whom to include as a household member or what to include as income on the application for benefits. Although LEA officials may have to use their own discretion in some instances, this section explains the requirements for determining household composition and income and also provides guidance on how to handle special situations.

B. DETERMINING HOUSEHOLD COMPOSITION

Household composition for the purpose of making an eligibility determination for free and reduced priced benefits is based on economic units. An economic unit is a group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit, and who share housing and/or significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

SPECIAL SITUATIONS

Adopted Child

An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. If the adoption is a “subsidized” adoption, which may include children with special needs, the subsidy is included in the total household income. (See *Part 4D: Questions and Answers*.)

Because some adopted children were first placed in families as foster children, parents may not be aware that, once the child is adopted, s/he is no longer categorically eligible for free meals as a foster child. Due to year-long eligibility, the free eligibility status of a foster child does not change within the year if her/his status changes to an adopted child. However, for the subsequent school years, an adopted child must now be determined eligible based on the economic unit and all income available to that household, including any adoption assistance, is counted when making an eligibility determination.

Child Attending an Institution

A child who attends but does not reside in an institution is considered a member of the household in which s/he resides.

Child Residing in an Institution

A child residing in an institution or in an RCCI participating in the NSLP and/or the SBP or in the SMP is considered a household of one.

Child Away at School

A child who is temporarily away at school (e.g., attending boarding school or college) is included as a member of the household. If a child is attending a participating boarding school and wishes to apply for meal benefits, s/he is not considered a household of one. Instead, the child's eligibility is determined based on his family's size and income. This also applies to foreign students attending boarding schools.

Child Living with One Parent, Relative, or Friends

In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives, or friends of the family, the child is considered to be a member of the household with whom s/he resides. Children of divorced or separated parents are generally part of the household that has custody.

Joint Custody

When joint custody has been awarded and the child physically changes residence, the child is considered part of the household where s/he resides. In these situations, if both parents apply for benefits in the same LEA for the child, and different eligibility statuses result, the greatest benefit level is used. For example, if the mother's situation results in eligibility for free meals but the father's application is denied, the child would receive free meals regardless of which parent had custody at the time.

Emancipated Child

A child living alone or as a separate economic unit is considered to be a household of one.

Foreign Exchange Student

A foreign exchange student is considered to be a member of the household in which s/he resides (i.e., the household hosting the student).

Foster Child

A foster child is a child whose care and placement is the responsibility of the State or who is placed by a court with a caretaker household. Such a child is considered a member of the foster parent(s) household. A foster child placed with relatives through a formal arrangement by the courts or State is also considered a foster child. A child is not considered a foster child if placed informally with relatives and not through court or State intervention.

Family Members Living Apart

Family members living apart on a temporary basis are considered household members. Family members not living with the household for an extended period of time are not considered members of the household for purposes of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household.

Deployed service personnel

Family members not living with the household for an extended period of time are not usually considered household members. However, any member of the armed services who is activated or deployed in support of any military combat operation is counted as a household member. Any money made available by them or on their behalf for the household is included as income to the household with the exception of combat pay. (See Part4C: Determining Household Income/Special Situations.)

C. DETERMINING HOUSEHOLD INCOME

REPORTABLE INCOME

Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by statute. Gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes but is not limited to:

- Earnings from work
 - Wages, salaries, tips, commissions
 - Net income from self-owned business and farms
 - Strike benefits, unemployment compensation, and worker's compensation
- Welfare/child support/alimony
 - Public assistance payments/welfare benefits (e.g., TANF, General Assistance, General Relief)
 - Alimony or child support payments

Note: Benefits under SNAP and FDPIR are not counted as income.

- Retirement/disability benefits
 - Pensions, retirement income, veterans' benefits
 - Social security
 - Supplemental security income
 - Disability benefits
- Any other income
 - Net rental income, annuities, net royalties
 - Interest; dividend income
 - Cash withdrawn from savings; income from estates, trusts and/or investments
 - Regular contributions from persons not living in the household
 - Any other money that may be available to pay for the child(ren)'s meals

CURRENT INCOME

Households must report current income on a free and reduced price application.

Current income means income received by the household for the current month, the amount projected for the first month for which the application is filled out or for the month prior to application. If this income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may, in conjunction with LEA officials, project its annual rate of income based on the guidelines on special situations.

SPECIAL SITUATIONS

Projected Income for Seasonal Workers and Others

Seasonal workers and others whose income fluctuates usually earn more money in some months than in other months. Consequently, the previous month's income may distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

When a Household has a Seasonal Worker

The LEA must determine the period of time any earnings are received for seasonal workers as well as the amounts and sources. For example, school employees may be paid over 10 or 12 months. In order to do verification, the LEA must determine their payment schedule.

Income for the Self-Employed

Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure. Self-employed persons are credited with net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts.

- Gross receipts include the total income from goods sold or services rendered by the business.
- Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal, Federal, State, or local income taxes).
- Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.
- Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.
- Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others, and incidental receipts from the sale of items such as wood, sand, or gravel.
- Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farmhands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (but not local, State, and Federal income taxes).

Income from Wages and Self-Employment

For a household with income from wages and self-employment, each amount must be listed separately. When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

Military Benefits

Benefits received in cash, such as housing allowances and food or clothing allowances, are considered income.

Deployed Service Members

Only that portion of a deployed service member's income made available by them or on their behalf to the household will be counted as income to the household. Combat Pay is always excluded.

Foster Child's Income

If the household where the foster child resides applies for benefits for their non-foster children, then the foster child's personal income is considered when making an eligibility determination.

Income for a Child Residing in an RCCI or Institutions

Only the income earned by a child from full-time or regular part-time employment and/or personally receives while in residence at the RCCI or institution is considered income.



Child's Income

The earnings of a child who is a full-time or regular part-time employee must be listed on the application as income.

Alimony and Child Support

Any money *received* by a household in the form of alimony or child support is considered income to the receiving household.

Any money *paid* by a household in the form of alimony or child support is not excluded from income for that household.

Garnished Wages and Bankruptcy

Income is the gross income received by a household before deductions. In the case of garnished wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnished or used to pay creditors.

INCOME EXCLUSIONS

General

Income *not to be reported* or counted as income in the determination of a household's eligibility for free and reduced price benefits includes:

- Any cash income or value of benefits excluded by statute (see Question and Answer 2 in this part for statutory exclusions); common exclusions are the value of benefits under the SNAP or FDPIR and some Federal educational benefits;
- Payments received from the Foster Care agency for the care of foster children;

- Student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals;
- Loans, such as bank loans, since these funds are only temporarily available and must be repaid;
- Value of in-kind compensation, such as housing for clergy and similar non-cash benefits; and
- • Occasional earnings received on an irregular basis (not recurring, such as payment for occasional baby-sitting or mowing lawns).

Military Benefits

An in-kind benefit is excluded, such as non-privatized on-base housing, where no cash is provided to the household. Other sources of excluded income related to the military:

- Family Subsistence Supplemental Allowance (FSSA) - By law, the FSSA is not counted as income in determining eligibility for free and reduced price meals;
- Privatized housing allowances received under the Military Housing Privatization Initiative are not counted as income. Under this privatization initiative, a housing allowance appears on the leave and earnings statement of service members living in privatized housing. The exclusion only applies to service members living in housing covered under the Military Housing Privatization Initiative. Housing allowances for households living off-base in the general commercial/private real estate market are counted as income. Additional information about DOD's Military Housing Privatization Initiative, including a list of affected installations, may be found at <http://www.acq.osd.mil/housing>;
- Combat Pay is excluded if it is
 - Received in addition to the service member's basic pay;
 - Received as a result of the service member's deployment to or service in an area that has been designated as a combat zone; and
 - Not received by the service member prior to his/her deployment to or service in the designated combat zone.
- Combat pay as described is extended to Deployment Extension Incentive Pay (DEIP). DEIP is given to active-duty service members who agree to extend their military service by completing deployment with their units without re-enlisting
 - This exemption applies only until the service members return to their home station. DEIP payments provided to service members that are not considered deployed are not exempt.

Institutionalized Child's Income

Payments from any source directly received by the RCCI or institution on a child's behalf are not considered as income to the child.

Child's Income

Infrequent earnings, such as income from occasional baby-sitting or mowing lawns, are not counted as income and should not be listed on the application.

Lump Sum Payments

Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house. However, when lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.

D. QUESTIONS AND ANSWERS

Q1. Why is the housing allowance provided to service personnel counted as income when the value of provided housing is not?

- A. Income is defined as all cash received on a recurring basis. In-kind benefits, by definition, are not cash payments, and, therefore, are not considered as income for the purpose of determining free and reduced price eligibility. School officials are not in a position to determine the value of in-kind benefits, such as housing for clergy, cars for salespersons, employee medical or dental benefits, etc. The income exclusion for in-kind benefits is uniform throughout the school meal programs. To treat in-kind benefits provided to military households differently from in-kind benefits provided to the general population would create an inequity. The fact that the value of military on base housing is more readily identifiable than other sources of in-kind benefits would not lessen the inequity.

Q2. What payments from Federal programs are excluded from consideration as income by legislative prohibition?

- A. The following payments are excluded as income:
- Value of assistance to children and their families under the Richard B. Russell National School Lunch Act, the Child Nutrition Act of 1966, and the Food and Nutrition Act of 2008;
 - Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
 - Any payment to volunteers under Title I (VISTA and others) and Title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act;
 - Payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE);

- National Flood Insurance Program (NFIP) payments—payments received by property owners under the NFIP;
- Income derived from certain sub-marginal land of the U.S. that is held in trust for certain Indian tribes;
- Student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by that Act;
- Payments under the Agent Orange Compensation Exclusion Act (Public Law 101-201);
- Payments under the Child Care and Development Block Grant (Public Law 102-508); (15) payments and allowances to individuals participating in AmeriCorps to the extent excluded by the National and Community Service Act of 1990;
- Payments under the Low-income Home Energy Assistance Act (Public Law 99-125); payments under the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1989 (Public Law 100-707);
- Payments received under the Carl D. Perkins Vocational Education Act, as amended by the Carl D. Perkins Vocational and Applied Technology Act Amendments of 1990 (Public Law 101-392);
- Value of any child care payments made under section 402(g)(1)(E) of the Social Security Act;
- Value of any “at-risk” block grant child care payments made under section 5081 of Public Law 101-508, which amended section 402(i) of the Social Security Act;
- Value of any child care provided or paid for under the Child Care and Development Block Grant Act, as amended (Public Law 102-586, Sec. 8(b));
- Payments received under the Old Age Assistance Claims Settlement Act, except for per capita shares in excess of \$2,000;
- Payments received under the Cranston-Gonzales National Affordable Housing Act (Public Law 101-625);
- Payments received under the Housing and Community Development Act of 1987;

This list is *not* all inclusive. Legislation is periodically enacted that excludes income for the purposes of the school meals/milk programs. Here is a link to the list of income excluded by Federal law that is maintained by the Supplemental Security Income Program:

http://www.socialsecurity.gov/OP_Home/cfr20/416/416-app-k.htm

This website may assist you in determining if benefits from other programs are excluded as income from Federal means-tested programs. Determining officials should always contact the State agency when there is question of whether specific payments are to be included as income. The household always has the right to provide documentation or to request a determination about a source of income that may be excluded for the purposes of the school meals/milk programs.

Q3. If one household owns a housing unit and rents living space to another household, must the household receiving the rental fee report this amount as income?

- A. Yes. Income includes money derived from rent of room(s), apartment(s), etc. If a household receives rental income from another household, it must be included as income. The treatment of rental income would be similar to the treatment of self-employment income.

Q4. Are children for whom households receive adoption assistance payments under Title IV-E of the Social Security Act automatically eligible for free school meals?

- A. No. Although Sections 673 and 674 of the Social Security Act specify that, for purposes of Titles XIX (medical assistance) and XX (child care), children whose parents receive adoption payments shall be deemed to be zero benefit recipients of the Aid to Families with Dependent Children program (now TANF), the statute did not extend this TANF equivalency to the NSLP, SBP, or SMP. Additionally, since there is no legislative prohibition from considering the adoption assistance payments as income, the amount of assistance must be included as household income in the free and reduced price meal eligibility determination.

Q5. If a child lives with his/her parents and is required to pay for room and board, is the child a separate household?

- A. The child is considered to be a separate household only in when the child is living alone or as a separate economic unit. Separate economic units are usually characterized by the prorating of most household expenses. Most children paying room and board are usually paying a token amount and are not economically independent of their parents and are, therefore, not considered to be emancipated.

Q6. If two separate households rent living space (e.g., an apartment or house), and one household gives its portion of the rent to the other household which, in turn, transmits the full rent to the landlord, does the rental income given to the transmitting household count as rental income?

- A. No. The transmitting household has not received income; rather it is performing a simple financial transaction that does not provide it with additional income.